

Message Text

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ACTION EUR-12

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TAGS: OECD, ECON, EAID, ENRG, ETRD

SUBJECT: FIRST DISCUSSION OF FORTHCOMING OECD MINIS-
TERIAL MEETING

REF: OECD PARIS 14394

1. HEADS OF DELEGATION MET MAY 18 FOR A FIRST DISCUS-
SION OF THE DRAFT AGENDA FOR MINISTERIAL MEETING JUNE
23-24. THE DRAFT AGENDA CIRCULATED AT THE MEETING
FOLLOWS:

1. ADOPTION OF THE AGENDA
2. INTERNATIONAL ECONOMIC RELATIONS WITH SPECIAL
REFERENCE TO THE DEVELOPING COUNTRIES
3. THE STRATEGY FOR SUSTAINED EXPANSION IN THE
OECD AREA: PROSPECTS AND POLICIES
4. RENEWAL OF THE DECLARATION OF 30TH MAY, 1974

5. COMMUNIQUE

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6. OTHER BUSINESS

2. THE SECRETARY GENERAL INTRODUCED THE DISCUSSION BY
SUGGESTING THAT AGENDA ITEM 2 BE DEALT WITH THE FIRST
DAY WITH ECONOMIC QUESTIONS LEFT FOR THE SECOND DAY.

3. HE SUGGESTED THAT MINISTERS WOULD CERTAINLY WISH TO HAVE DURING THE FIRST DAY'S DISCUSSION AN EXCHANGE OF VIEWS ON THE POST-CIEC SITUATION LOOKING AT WHAT CIEC BROUGHT US IN TERMS OF COOPERATION AMONG DEVELOPED COUNTRIES AND WITH DEVELOPING COUNTRIES, BUT THAT THEY WOULD MORE FUNDAMENTALLY WISH TO LOOK AT THE ECONOMIC RELATIONS BETWEEN THE DEVELOPED COUNTRIES AND THOSE OUTSIDE THE OECD AREA IN THE GENERAL FRAMEWORK OF WORLD INTERDEPENDENCE.

4. IN THIS CONNECTION HE CITED THE RAPID CHANGES IN THE INTERNATIONAL ECONOMIC ENVIRONMENT IN RECENT YEARS MENTIONING NOT ONLY THE INCREASE IN STRENGTH AND INFLUENCE OF OIL PRODUCERS BUT ALSO OF THE "MATURING" DEVELOPING COUNTRIES AND THEIR CONSEQUENT NEW ROLE IN THE INTERNATIONAL ECONOMIC FIELD AND THE PROBLEM THIS NEW ROLE POSES FOR ECONOMIC COOPERATION IN THE TRADITIONAL WAY IN OECD.

5. WITH SPECIFIC REFERENCE TO DEVELOPMENT COOPERATION HE MENTIONED THE NEED TO COME UP WITH A LONGER TERM STRATEGY (WHICH WILL IN ANY EVENT HAVE TO BE DISCUSSED IN THE UN FRAMEWORK OF DD III) WHICH MAY HAVE TO BE FUNDAMENTALLY DIFFERENT IN MANY WAYS FROM THE STRATEGY OF THE SIXTIES AND SEVENTIES. THERE WAS NEED FOR A CONSIDERATION OF OECD COUNTRIES' OBJECTIVES IN THE WHOLE RELATIONSHIP WITH DEVELOPING COUNTRIES. THE FIRST DISCUSSION OF THIS AT THE LAST XCSS MEETING INDICATED A GENERAL DESIRE FOR OECD AFTER CIEC TO SEEK LIMITED OFFICIAL USE

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TO PROMOTE A BETTER UNDERSTANDING AMONG INDUSTRIALIZED COUNTRIES OF THE ISSUES AND A HARMONIZATION OF OBJECTIVES AS WELL AS INSTRUMENTS. THE SYG EMPHASIZED THE ABOVE BY SAYING THAT THE MINISTERIAL SHOULD TRY TO REACH SOME GENERAL UNDERSTANDING AND A CLEAR MANDATE ON WHAT THE OECD SHOULD DO TOWARD THE DEVELOPMENT OF ITS RELATIONSHIP WITH THE DEVELOPING COUNTRIES.

6. ON THE STRATEGY FOR SUSTAINED EXPANSION IN THE OECD AREA (ITEM 3) THE SYG NOTED THAT THE SECRETARIAT WOULD HAVE READY FORECASTS, WHICH WILL HAVE BEEN DISCUSSED BY THE EPC, OF THE ECONOMIC OUTLOOK THROUGH MID-1978 HE INDICATED THAT THESE FORECASTS WOULD PROVIDE A BROADER POSSIBILITY FOR EVALUATING THE EXTENT TO WHICH COUNTRIES ARE MOVING ALONG THE PATH IMPLIED BY THE STRATEGY (ADOPTED AT THE JUNE 1976 MINISTERIAL MEETING). THE STRATEGY, HE EMPHASIZED, WAS VERY MUCH CONFIRMED AT THE SUMMIT. MOREOVER, THE SUMMIT HAS GIVEN NEW IMPULSE TOWARD DEVELOPING AN UNDERSTANDING

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CONCERNING NATIONAL COMMITMENTS IN THE MACRO-ECONOMIC
POLICY FIELD.

7. THE SYG CAUTIONED THAT SEVERAL PROBLEMS WOULD
HAVE TO BE DEALT WITH IN ORDER TO ASSURE A CONTINUATION
OF POLICIES CONSISTENT WITH THE STRATEGY. IN PARTICULAR
THE PROBLEM OF UNEMPLOYMENT BECOMES MORE ACUTE THE
LONGER IT TAKES FULLY TO RECOVER FROM THE RECESSION.
FURTHERMORE, THE SUMMIT FOCUSED ON THE PROBLEM OF
YOUTH UNEMPLOYMENT. THE OECD SHOULD CLEARLY INTENSIFY
ITS WORK IN THIS AREA. THE SYG STATED THAT INVESTMENT
AND BALANCE OF PAYMENTS PROBLEMS SHOULD RECEIVE EVEN
CLOSER ATTENTION AND THAT WE SHOULD CONTINUE TO ANALYZE
THE MEDIUM-TERM PROSPECTS OF THE OECD AREA. HE CON-
CLUDED BY PROPOSING THAT THE MINISTERS ENDORSE SOME
OR MANY OF THE POLICY RECOMMENDATIONS OF THE MCCracken
REPORT.

8. VAN LENNEP'S DISCUSSION OF THE TRADE PLEDGE RENEWAL
ITEM WAS LIMITED TO A STATEMENT THAT THE TRADE COM-
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MITTEE WILL BE DEALING WITH THE QUESTION AND THAT THE RESULTING REPORT WOULD GO TO THE MINISTERIAL FOR A DECISION.

9. THE SYG CLOSED BY REFERRING TO THE OFFICIAL FINANCING PROBLEM. HE STRESSED THAT CHANGES IN RECENT YEARS HAD GREATLY INCREASED THE EXTERNAL BORROWING REQUIREMENTS IN THE OECD AREA AND THAT THE FINANCIAL SUPPORT FUND HAD BEEN PROPOSED TO HELP MEET THIS PROBLEM. HE ADDED THAT CONCERNING THIS IMPORTANT QUESTION THE MINISTERS WOULD PERHAPS BY THE TIME OF THE MINISTERIAL MEETING HAVE A CLEARER VIEW OF DEVELOPMENTS.

10. IN THE DISCUSSION THAT FOLLOWED THE PERMREPS, WHO WERE OF COURSE UNINSTRUCTED, GENERALLY INDICATED PERSONAL APPROVAL OF THE SECRETARY GENERAL'S APPROACH. THERE WAS A CLEAR CONSENSUS THAT THE MINISTERIAL MEETING SHOULD TO THE EXTENT POSSIBLE BUILD ON THE RESULTS OF THE SUMMIT BY SEEKING TO GIVE THEM SPECIFIC INSTITUTIONALIZED FOLLOW UP IN OECD.

11. WITH REGARD TO THE AGENDA ITSELF THE FRENCH REPRESENTATIVE SUGGESTED LIMITING ITEM 2 TO RELATIONS WITH LDCS. THE JAPANESE REPRESENTATIVE HOWEVER FLAGGED THE DESIRABILITY OF FOLLOWING UP ON THE EAST-WEST INITIATIVE UNDER THIS ITEM. SEVERAL AMBASSADORS EXPRESSED CONCERN THAT IF THE ITEM WERE DESCRIBED IN TOO NARROW A FASHION THEIR FOREIGN MINISTERS MIGHT NOT COME, ESPECIALLY SINCE DAC CHAIRMAN WILLIAMS HAD, ON AID ADMINISTRATOR GILLIGAN'S REQUEST, SUGGESTED AN INFORMAL GETTOGETHER OF AID MINISTERS ON THE MARGIN OF THE MINISTERIAL MEETING. THE CONSENSUS WAS TO LEAVE ITEM 2 AS IT IS DRAFTED, WHICH IS THE WAY IT WAS LAST YEAR.

12. THE QUESTION OF WHETHER TRADE PLEDGE RENEWAL WOULD LIMITED OFFICIAL USE

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COME UP THE FIRST OR SECOND DAY WAS LEFT OPEN. MOST REPS WHO SPOKE TO THIS ISSUE PREFERRED TO ADDRESS TRADE QUESTIONS "IN AN ECONOMIC CONTEXT" THE SECOND DAY. THERE IS SOME SECRETARIAT THINKING WHICH DID NOT SURFACE IN THIS DISCUSSION TO HAVE TRADE POLICY DISCUSSIONS ON THE FIRST DAY AND RENEWAL OF THE TRADE PLEDGE THE SECOND. WHILE THERE IS A LOGICAL ARGUMENT FOR THIS, IT WOULD PROBABLY RUN COUNTER TO THE WISHES OF MOST DELEGATIONS.

13. THERE WAS CONSIDERABLE DISCUSSION OF HOW TO ENGAGE MINISTERS' INTEREST IN THE PROCEEDINGS. AN ATTEMPT WILL BE MADE AS IN RECENT MEETINGS TO HAVE ONLY A FEW MAJOR SPEECHES, ENCOURAGING MOST MINISTERS TO LIMIT THEIR ACTUAL UTTERANCES TO FIVE MINUTES WHILE CIRCULATING LONGER TEXTS FOR THE RECORD AND THE MEDIA. IN PRIVATE CONVERSATIONS THE BRITISH AND EC PERMREPS SAID THEY WOULD EXPLORE THE POSSIBILITY OF LIMITING EC STATEMENTS TO ONE OR TWO (PRESIDENCY AND COMMISSION), WHICH IF SUCCESSFUL WOULD ENABLE ALL MAJOR STATEMENTS, INCLUDING THE U.S., JAPAN, AND PROBABLY A SMALLER COUNTRY, TO BE COMPLETED DURING THE FIRST MORNING SESSION WHICH WOULD ALLOW FOR DEBATE IN THE AFTERNOON.

14. SOME REPS SPOKE ABOUT NOT TRYING TO HAVE ALL THE ISSUES DRAFTED OUT IN THE COMMUNIQUE PRIOR TO THE

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MEETING. OTHERS SUGGESTED THAT MINISTERS SHOULD HAVE TEXTS BEFORE THEM WITH ISSUES REQUIRING RESOLUTION. THE SECRETARY GENERAL SAID THE SECRETARIAT'S ISSUES PAPERS WOULD SEEK TO POSE THE QUESTIONS FOR MINISTERIAL CONSIDERATION IN A CRISP POINTED MANNER. THE FRENCH REPRESENTATIVE SUGGESTED THAT INSTEAD OF A COMMUNIQUE

THE MINISTERS MIGHT ISSUE A "DECLARATION" AT LEAST ON PART OF THEIR WORK (IN ANOTHER MESSAGE WE SUGGEST A DECLARATION ON RELATIONS WITH LDCS IN THE POST-CIEC PERIOD). THE U.S. REP SUGGESTED THAT IF ANY OTHER ACTIONS BY THE MINISTERS SHOULD SO WARRANT, THEY MIGHT BE EMBODIED IN RECOMMENDATIONS OR RESOLUTIONS (DECISIONS ON PROCEDURE) IN THE TERMS OF THE OECD CONVENTION.

15. THERE WAS A PERSONAL SUGGESTION BY THE BELGIAN REP THAT THE MINISTERIAL MEETING TAKE UP THE QUESTION OF ADAPTATION OF THE OECD, I.E. SUCH QUESTIONS AS RESTRICTED GROUPS AND MAJORITY VOTING. THIS DREW EXPECTED NEGATIVE RESPONSES FROM THE TURKISH, SPANISH AND GREEK REPS. ALL LARGE COUNTRY REPS THOUGHT IT LIMITED OFFICIAL USE

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WOULD BE UNDESIRABLE TO PUT SUCH PROCEDURAL ISSUES TO MINISTERS IN THE ABSTRACT AND THAT THE MINISTERIAL MEETING SHOULD CONCENTRATE EXCLUSIVELY ON SUBSTANCE AND THE PROCEDURAL STEPS FLOWING FROM THE SUBSTANTIVE REQUIREMENTS.

16. AS FOR THE SOCIAL EVENTS, CURRENT PLANNING CALLS FOR

(A) SECRETARY-GENERAL'S LUNCH JUNE 23.

(B) AUSTRALIAN CHAIRMAN'S STAG DINNER JUNE 23
(AUSTRALIANS ARE CONSIDERING ARRANGING THIS
ON A BOAT ON THE SEINE.)

(C) PRIME MINISTER BARRE'S LUNCH JUNE 24 FOR FINANCE
AND ECONOMY MINISTERS, INCLUDING (PRESUMABLY)
THOSE FOREIGN MINISTERS REMAINING ON JUNE 24.

17. THERE WILL ALSO BE THE INFORMAL LUNCHEON MEETING OF AID MINISTERS AND HIGH OFFICIALS ON JUNE 24 REFERRED TO ABOVE.
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